

September 14, 2005

James Leonard
Chairman, Committee for the Implementation of Textile Agreements
Room H3100
U.S. Department of Commerce
14th and Constitution Ave, NW
Washington, DC 20230

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), SEAMS, and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to re-impose a safeguard on U.S. imports from China of cotton trousers, classified within Category 347/348 of the U.S. Textile and Apparel Category System by January 1, 2006. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27787, May 21, 2003).

Petitioners strongly request that there be a seamless reapplication of the safeguard quota in order to avoid market disruption with respect to the subject products when the current safeguard limit expires on December 31, 2005. Without re-imposition of quota restraints on January 1, 2006, available evidence demonstrates that the U.S. market will clearly experience a substantial increase of the subject products from China, causing market disruption in the United States. As such, the imminent threat of substantial increases in imports of the subject products from China will impede the orderly development of trade in the subject products.

The parties submitting this request are trade associations and unions that are representative of either domestic producers of products like or directly competitive with cotton trousers in Category 347/348 or of domestic producers of components used in the production of products that are like or directly competitive with those contained in Category 347/348.

Description of Petitioners

For your background information, descriptions of each organization are as follows:

AMTAC is a not-for-profit manufacturing trade association established for the purpose of preserving and creating American manufacturing jobs through the establishment of trade policy and other measures necessary for the U.S. manufacturing sector to stabilize and grow. Its members are involved in a wide variety of manufacturing, including textiles, throughout the United States. AMTAC's office is in Washington, D.C.

www.amtadc.org

NCTO is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as

well as suppliers of textile machinery, chemicals and other such sectors, which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. www.ncto.org

NTA is a not-for-profit trade association of companies who knit or weave fabrics in the United States, dye, print or otherwise finish fabrics in the United States, or supply fibers, yarns, or other services to the American textile industry. NTA's office is in Boston, MA. www.nationaltextile.org

SEAMS is a not-for-profit association that represents the all U.S.A. soft goods supply chain. It is comprised of manufacturing and contract manufacturing companies, and their suppliers in the sewn products industry. The mission of SEAMS is to work for the promotion of the sewn products industry by keeping members informed about federal issues that could affect them, and by offering members a variety of educational and other programs. SEAMS is headquartered in Columbia, SC and represents companies that manufacture the subject products in the United States. www.seams.org

UNITE HERE! was formed by a merger in 2004 of UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union). The union, UNITE HERE, represents more than 440,000 active members and more than 400,000 retirees throughout North America. UNITE HERE's headquarters are in New York, NY. www.unitehere.org

Previous Finding of CITA Regarding the Subject Products

In its previous finding concerning the subject products, CITA made the following findings:

“U.S. Imports from China Are Increasing Rapidly in Absolute Terms. U.S. imports of cotton trousers, slacks and shorts from China were 2,184,056 dozens for the entire twelve months of 2004. In the first quarter of 2005, U.S. imports from China increased to 6,794,375 dozens, an increase of 1,573 percent from the first quarter of 2004 and over three times the level of total calendar year 2004 imports from China.

U.S. Imports from the World Are Increasing Rapidly in Absolute Terms. U.S. imports of cotton trousers, slacks and shorts from all sources, excluding cotton trousers, slacks and shorts containing U.S. components that were imported under outward processing programs, increased from 32,194 thousand dozens in the first quarter of 2004 to 38,844 thousand dozens in the first quarter of 2005 - an increase of 21 percent. Over 90 percent of this increase was attributable to imports from China.

The Average Unit Value of Imports from China Is Falling in 2005. In 2004, the average unit value of U.S. cotton trousers, slacks and shorts imports from China was US\$154.53 per dozen. In the first three months of 2005, the average unit value of those

imports fell to US\$66.64 per dozen, compared to US\$82.07 per dozen for “rest of world” imports.”¹

The circumstances that justified the original imposition of safeguards on imports from China of the subject products continue to exist:

- Imports from China have continued to surge and are up 1426.81 percent for the most recent period, year-to-date August², even with the safeguard quota in place.
- China has risen from being the 21st largest supplier of the subject products to the U.S. market in 2004 to the number two supplier so far in 2005.
- China’s share of the U.S. import market has also exploded from 1.5 percent in 2004 to 15.2 percent year-to-date August.
- Furthermore, China filled 100 percent of their 2005 safeguard quota approximately six weeks after the quota was established (quota opened on 5/23 and closed on 7/8).

The Threat of Increased Imports from China

There is strong and compelling evidence from many sources that imports of the subject products from China will increase should safeguard limits be removed on January 1.

1. Growth in textile and apparel production capacity in China has occurred at an astounding rate, demonstrating the country's commitment to accelerated market share in textiles and apparel worldwide;
2. China has moved quickly to dominate the market in virtually all textile and apparel categories removed from quota control;
3. China has engaged in significant price cutting in order to rapidly accumulate orders in every category, including this category, removed from quota in the U.S. market;
4. Chinese exports of the subject products to the world have increased substantially while other exporters have declined;
5. In other developed markets similar to the United States where quotas were removed, China moved quickly to dominate them; and
6. China continues to engage in a variety of unfair trade practices, including currency manipulation, which allow Chinese textile and apparel manufacturers to undercut U.S. and other competitors' prices.

This petition establishes that, should the United States not reapply safeguards as authorized under paragraph 11.242 of the Report of the Working Party:

- ♦ U.S. imports from China will increase rapidly in absolute terms in 2006;

¹ Summary of the Reasons and Justifications for U.S. Request for Consultations with China Pursuant to Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization, 70 F.R. 29722, May 24, 2005.

² All year-to-date August 2005 figures are preliminary.

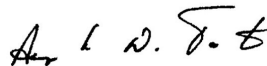
- ♦ U.S. imports from China will increase rapidly relative to other imports;
- ♦ The increase in imports will contribute to market disruption in the U.S. as the U.S. industry is vulnerable to any increase in imports;
- ♦ Imports of the subject products from China play a role in the threatened market disruption to the U.S. market;
- ♦ Imports from China are likely to increase further in the near future; and
- ♦ Average unit values of imports of the subject products from China will undercut prevailing prices and further disrupt the U.S. market.

Requested Action

The Committee for the Implementation of Textile Agreements (CITA) is hereby requested to take all appropriate steps in order to avoid market disruption in 2006 with respect to imports from China of such products. Petitioners submit that such market disruption can only be avoided by the reapplication of safeguard limitations on imports of the subject products from China according to the provisions of Section 11.242 of the Report of the Working Party, the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27787, May 21, 2003), and the previous decision of CITA reflected in its determination published at 70 F.R. 29722 (May 24, 2005).

Thank you for your consideration of this important matter.

Sincerely,



Auggie Tantillo
Executive Director
AMTAC



Karl Spilhaus
President
NTA



Cass Johnson
President
NCTO



Bruce Raynor
General President
UNITE HERE

Table 1: U.S. Production, Imports, and Domestic Market Share for Cotton Trousers (Category 347/348) 1999-2004 (Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	U.S. Imports from China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	64,472	111,061	2,466	36.73	63.27	1.40
2000	58,643	125,377	1,870	31.87	68.13	1.02
2001	51,928	126,983	2,607	29.02	70.98	1.46
2002	46,432	140,305	2,787	24.86	75.14	1.49
2003	38,241	154,898	2,476	19.80	80.20	1.28
2004	30,431	149,307	2,184	16.93	83.07	1.22

Source: U.S. Imports, Production, Markets, Import Production Ratios and Domestic Market Shares for Textile and Apparel Product Categories (OTEXA/ITA/U.S. Department of Commerce)

Table 2: U.S. Imports of Cotton Trousers (Category 347/348) 1999-2004, 1st Quarter 2004 and 2005, 2nd Quarter 2004 and 2005, YE July 2004 and 2005, YTD July 2004 and 2005, YE August 2004 and 2005(p), YTD August 2004 and 2005(p), from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of Total U.S. Imports

Time Period	U.S. Imports-Category 347/348 from: World:		China:		
	Quantity (Doz.)	% Change	Quantity (Doz.)	% Change	% Share
1999	111,061,326	--	2,465,820	--	2.2
2000	125,376,730	12.9	1,870,393	-24.1	1.5
2001	126,983,335	1.3	2,607,084	39.4	2.1
2002	140,305,491	10.5	2,787,423	6.9	2.0
2003	154,902,953	10.4	2,475,791	-11.2	1.6
2004	149,313,987	-3.6	2,184,056	-11.8	1.5
1 st Qtr/04	41,032,177	--	406,070	--	1.0
1 st Qtr/05	47,269,299	15.2	679,4375	1573.2	14.4
2 nd Qtr/04	36,841,966	--	530,648	--	1.4
2 nd Qtr/05	46,416,430	26.0	10,672,631	1911.2	23.0
YE 7/04	146,204,481	--	1,758,757	--	1.2
YE 7/05	164,843,016	12.7	19,269,344	995.6	11.7
YTD 7/04	91,511,092	--	1,197,444	--	1.3
YTD 7/05	107,040,121	17.0	18,282,732	1426.8	17.1
YE 8/04	147,082,382	--	1,785,233	--	1.2
YE 8/05(p)	164,024,033	11.5	18,835,944	955.1	11.5
YTD 8/04	104,046,880	--	1,372,286	--	1.3
YTD 8/05(p)	118,756,926	14.4	18,024,174	1213.4	15.2